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Venture Capitalists Raise \$34.7 Billion, the Most Since 2001

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Venture capitalists raised \$34.7 billion in 2007, according to the National Venture Capital Association - more money than in any year since 2001, when the dot-com bubble burst.

Although the increase over 2006 was slight - 9.4 percent in dollar value, 2.6 percent in the number of funds - VCs raised nearly 10 times as much as they did in 2002.

The association discouraged talk of a bubble. "We are nowhere near the unsustainable fundraising levels of the 1999-to-2001 period when the industry raised more than \$200 billion," Mark Heeson, president of the group, said in a statement.

But one venture capitalist said money is flowing too quickly into some areas, creating too many companies competing for the same dollars.

Clean technology, social networking and Internet video are all areas that are "frothy," said Todd Dages, a general partner at Spark Capital in Boston. In some cases, he said, "investors are funding features rather than companies," but he predicted that some interesting companies will emerge in these areas.

Heeson said clean technology and life sciences require more time and money from venture capitalists, which means they have to raise larger funds and return to the market more frequently.

Money was spread more evenly across companies in different stages - early, balanced, late stage and expansion stage - than in 2001, when venture funds focused almost exclusively on early and balanced-stage companies, the group said.

Three Silicon Valley venture capital firms were the biggest fundraisers in 2007.

Technology Crossover Ventures in Palo Alto closed a \$3 billion fund for late-stage companies in November and said then it will invest in Internet, financial technology, infrastructure and communications, software and services, and health care IT.

Vector Capital in San Francisco closed a \$1.2 billion private-equity fund in July that it planned to invest in buyouts, spin-offs and recapitalizations of established technology companies and to acquire stakes in public companies.

Also in July, Bessemer Venture Partners in Menlo Park closed a \$1.3 billion fund and planned to devote about a third of it - \$350 million - to investments in India.

For 2007, the association tracked 235 venture capital firms and 243 funds.

Where the money is
Venture capital raised in each year

Year	No. of funds	Money raised
2001	318	\$38.8 billion
2002	179	3.9 billion
2003	152	10.6 billion
2004	208	19 billion
2005	228	28.3 billion
2006	229	31.7 billion
2007	235	34.7 billion